

3. The FY 2004 Budget — A 21st Century Department of Labor

The Department of Labor (DOL) continues to heed the call of President George W. Bush that “*Government should be results-oriented — guided not by process but guided by performance.*” The Department’s Fiscal Year (FY) 2004 budget was developed with just such a focus – and the outcome is the Department’s first-ever integrated performance budget.

DOL’s FY 2004 total request is \$56.2 billion in budget authority and 17,503 full-time equivalents (FTE). The request for the Department’s discretionary programs is \$11.5.

Total Budget (Dollars in Billions)			
	<u>FY 2003</u>	<u>FY 2004</u>	<u>Change</u>
Discretionary Programs:	\$11.6	\$11.5	-\$0.1
Mandatory Programs:	\$59.7	\$44.6	-\$15.1
Total, Department of Labor	\$71.3	\$56.2	-\$15.1
<i>Full Time Equivalents</i>	<i>17,274</i>	<i>17,503</i>	<i>+229</i>

The Department’s FY 2004 budget was developed around four critical themes designed to make a difference in the lives of America’s working families: *Get Americans Back to Work*; *Protect Employees’ Benefits*; *Ensure Workers’ Rights and Safety*; and *Modernize DOL for the 21st Century*.

The programs and initiatives funded by this budget are managed through the framework of the Department’s strategic, outcome, and core performance goals presented in Chapter 4 of this plan. These presentations also include the allocation of the Department’s budget authority and outlays to each of the strategic and outcome goals, and for the first time the planned costs to achieve each of the core performance goals as identified in the performance budget. The introduction to Chapter 4 includes a description of our methodology for computing these allocations, and Appendix C lists the budget activities that support each outcome goal.

Get Americans Back to Work

In 2004, DOL and the Administration will use the opportunity presented by the expiration of the Workforce Investment Act to make significant improvements in Federal job training and employment programs. These reforms will eliminate duplication through program consolidation, strengthen resource allocation, improve accountability, enhance the role of employers in the national workforce system, and increase State flexibility. Overall, the FY 2004 discretionary request for the Department’s Employment and Training Administration is \$9.2 billion in discretionary funds and 1,360 FTE.

This theme will be further accomplished by the development of Re-employment Accounts to at-risk job seekers. The President’s economic growth plan, released January 7, 2003, promotes this new tool, which States will have considerable flexibility to design. The accounts will provide up to \$3,000 to job seekers to allow them to purchase the training, re-employment, or supportive services needed to get back to work.

Protect Employees' Benefits

The Department's Pension and Welfare Benefits Administration (PWBA) continues to lead the way in retirement security protection. DOL's FY 2004 request for EBSA is \$128.6 million and 930 FTE, which includes \$8.6 million and 69 FTE for *Enhanced Retirement Security*. Further resources will be devoted to ensuring access to affordable health care benefits. The Department will change the name of PWBA to the Employee Benefits Security Agency (EBSA) to better reflect mission and direction.

In FY 2004, the Department's Office of Inspector General will continue its role in bolstering DOL's efforts related to this theme through initiatives aimed at achieving the OIG strategic goal of safeguarding and improving worker and retiree benefit programs.

Ensure Workers' Rights and Safety

While occupational injury and illness rates have reached historic lows, more can and must be done. In FY 2004, DOL will continue to balance enforcement and compliance assistance activities through the ongoing efforts of its Occupational Safety and Health Administration (OSHA); Mine Safety and Health Administration (MSHA); the Employment Standards Administration's Wage-Hour Division and Office of Labor Management Standards (OLMS); and the Office of Inspector General (OIG). Initiatives include:

- Seeking increased Civil Monetary Penalties for MSHA, OLMS, and Wage and Hour to strengthen existing enforcement gaps.
- \$5.2 million and 3 FTE for OSHA's *Expanded Outreach and Assistance*, program oversight, multi-lingual (non-English speaking) outreach, training and assistance, and Voluntary Partnership Programs. Overall, the FY 2004 request for OSHA is \$450.0 million and 2,236 FTE.
- MSHA's planned strengthening of enforcement; mine rescue and recovery operations; and, expanding education and compliance assistance focused on small mining operations. The overall FY 2004 request for MSHA is \$266.8 million and 2,334 FTE.
- The OIG's *Labor Racketeering Initiative*, to which \$2.5 million and 20 FTE will be applied in FY 2004 to address union corruption.

Modernize DOL for the 21st Century

This theme will be accomplished by several initiatives related to the Department's ongoing implementation of the President's Management Agenda. These include a \$20 million, first-year effort for the Office of Chief Financial Officer to update and improve Departmental financial data systems.

\$48.6 million is also requested in FY 2004 for the Department's successful Information Technology Initiative, which will, in part, consolidate all DOL agency requests in support of the President's Management Agenda component *Expanded E-Government*.

\$23.5 million is requested for the Department's Management Initiative to centrally manage DOL's efforts on implementing the other four government-wide initiatives on the President's Management Agenda.

Further, in FY 2004, DOL intends to resubmit two ESA legislative proposals: Black Lung refinancing and a series of revisions to FECA. The FECA Surcharge will also be proposed again in FY 2004.

The Department will also continue to advocate viable options to reform its Unemployment Insurance program.

Supporting legislation allowing employers to offer employees the option of taking paid time off in lieu of overtime pay.

Program Assessment Rating Tool

Improving programs by focusing on results is an integral component of the President's budget and performance integration initiative. As such, approximately 20 percent of Federal programs were evaluated for effectiveness for the first time using the Program Assessment Rating Tool (PART). As part of this process, the following nine DOL programs were reviewed in calendar year 2002: Bureau of Labor Statistics; OSHA; EBSA (PWBA); Office of Federal Contract Compliance Programs; Federal Employees Compensation Act; Community Service Employment for Older Americans; Dislocated Worker Assistance; Trade Adjustment Assistance; and Youth Activities. Each program was rated on *Purpose, Planning, Management, and Results/Accountability*. Highlights and results of the reviews can be found in the agency-specific sections of the Budget Justification.

The President's Management Agenda

The President's Management Agenda is an aggressive strategy for improving the management of the Federal government with a focus on five government-wide areas: *Strategic Management of Human Capital; Competitive Sourcing; Improved Financial Performance; Expanded E-Government; and Budget and Performance Integration*. DOL is also one of just five Cabinet agencies with Agenda responsibilities related to *Faith-based and Community-based initiatives*.

The Office of Management and Budget (OMB) issued its FY 2001 baseline scores measuring the implementation of the President's Management Agenda with the release of the President's FY 2003 budget. For the five government-wide Agenda items, DOL received *Yellow* baseline ratings on *Strategic Management of Human Capital* and *E-Government* – and *Red* baseline scores for *Competitive Sourcing, Financial Management, and Budget and Performance Integration*. Even with just two *Yellow* scores, DOL led all Cabinet agencies.

On a quarterly basis, OMB has continued to rate the government's progress in implementing the President's Management Agenda – and DOL continues to lead the way. As of the fiscal year-end on September 30, 2002, two of five DOL baseline ratings reflected improvement. The *Financial Performance* and *Budget and Performance Integration* ratings improved from *red* to a *yellow*, while the remaining three areas continued their original ratings: *Human Capital* and *E-Government* - *Yellow*, and *Competitive Sourcing* – *Red*. In terms of rating progress, DOL scored very well. *Human Capital; Financial Performance; E-Government; and Budget and Performance Integration* were all rated *green* for progress while *Competitive Sourcing* received a *Yellow* rating.

As OMB Director Mitchell E. Daniels, Jr. indicated at OMB's mid-session review, "Labor has demonstrated a sustained commitment to implementation of the management agenda and is making good progress. A key component of the department's success is its Management Review Board, which monitors progress by regularly reviewing department-wide reform implementation."

Summary

In FY 2004, DOL is poised to continue making critical differences that directly affect the lives of America's working families. There can be no more important mission.